

State of California
AIR RESOURCES BOARD

Resolution 07-51

November 15, 2007

Agenda Item No: 07-11-6

WHEREAS, Assembly Bill (AB) 1007 (Pavley), Chapter 371, Statutes of 2005, directs the State Energy Resources Conservation and Development Commission (Energy Commission), in partnership with the California Air Resources Board (ARB), to develop and adopt a plan to increase the use of alternative transportation fuels in California;

WHEREAS, AB 1007 defines alternative fuels as nonpetroleum fuels, including electricity, ethanol, biodiesel, hydrogen, methanol, natural gas, and petroleum fuel blended with nonpetroleum constituents (such as E85 or B20) that, when used in vehicles, has demonstrated, to the satisfaction of the state board, to have the ability to meet applicable vehicular emission standards;

WHEREAS, AB 1007 requires the Plan to include an evaluation of alternative transportation fuels on a full fuel cycle basis (e.g., well-to-wheels) including criteria air pollutants, air toxics, greenhouse gases (GHG), water pollutants, or other substances that are known to damage human health;

WHEREAS, AB 1007 requires the Plan to set alternative fuel use goals for specified milestone years that optimize the environmental and public health benefits in the most cost-effective manner possible, ensure no net material increase in pollution, minimize the costs, maximize the economic benefits of in-state alternative fuel production, and consider consumer acceptance and identify methods of overcoming barriers to alternative fuel use;

WHEREAS, AB 1007 requires the Plan to include policies and recommendations to ensure that alternative fuel use goals are attained, including alternative fuel and vehicle standards and other mechanisms that will encourage the production of alternative fuel vehicles, ensure the availability of fuel and fueling infrastructure, and ensure that alternative fuel vehicles operate on alternative fuels to the maximum extent feasible;

WHEREAS, under AB 2076, Chapter 936, Statutes of 2000, the Energy Commission and ARB established transportation petroleum reduction goals in 2003 to increase the use of alternative fuels to 20 percent of on-road transportation fuels in 2020 and 30 percent in 2030;

WHEREAS, Governor Schwarzenegger's Executive Order S-06-06 established targets for the State to produce a minimum of 20 percent of its biofuels within California by 2010, 40 percent by 2020, and 75 percent by 2050;

WHEREAS, Governor Schwarzenegger's Executive Order S-03-05 established targets for the State to reduce GHG emissions to the 2000 level by 2010; to the 1990 level by 2020; and to 80 percent below the 1990 level by 2050;

WHEREAS, AB 32 (Nunez), Chapter 488, Statutes of 2006, directs the ARB to conduct several activities to reduce GHG emissions, including GHG emissions from the use of transportation fuels;

WHEREAS, Governor Schwarzenegger's Executive Order S-01-07 established a Low Carbon Fuel Standard with the objective of reducing the carbon intensity of California's transportation fuels by at least 10 percent by 2020 and directed the Energy Commission to include a draft compliance schedule for the Low Carbon Fuel Standard in the Plan;

WHEREAS, the University of California report titled "A Low Carbon Fuel Standard, Part 2: Policy Analysis", August 1, 2007 contains draft compliance schedules for the Low Carbon Fuel Standard. The University of California report is located at <http://www.arb.ca.gov/fuels/lcfs/lcfs.htm>.

WHEREAS, AB 118 (Nunez), Chapter 70, Statutes of 2007, provides a source of State incentive funding to stimulate production and use of alternative fuels in California;

WHEREAS, on June 21, 2007, the Board considered and approved the Low Carbon Fuel Standard as a discrete early action item for AB 32, consistent with Executive Order S-01-07;

WHEREAS, the Energy Commission, on June 27, 2007, approved a full fuel cycle analysis, which evaluated the impacts of various alternative fuels on the emissions of greenhouse gases, criteria air pollutants, air toxics, and other environmental media;

WHEREAS, the Energy Commission, on October 31, 2007, approved the State Alternative Fuels Plan (Plan);

WHEREAS, in approving the Plan, the Energy Commission:

- Directed its staff to update and reissue the State Alternative Fuels Plan every two years, work collaboratively with ARB and others to regularly update the full fuel cycle analysis, and continue to refine the underlying economic analysis and assess the current status and market potential for alternative fuels, among other directions to its staff;
- Requested that the Board work with the Energy Commission to both establish the Low Carbon Fuel Standard in a manner that concurrently addresses the State's petroleum reduction, biofuels, and alternative fuels goals and consider the draft compliance schedule identified by the University of California in developing the Low Carbon Fuel Standard, and

- Further requested that the Board, as part of its implementation of AB 32, consider establishing specific greenhouse gas reduction goals for the transportation sector;

WHEREAS, the Board finds that:

The Plan establishes targets on a gallon of gasoline equivalent basis for the use of alternative fuels in the on-road and off-road sectors (excluding air, rail, and marine), including but not limited to electricity, natural gas, propane, hydrogen, ethanol, renewable diesel, and biodiesel of 9 percent by 2012, 11 percent by 2017, and 26 percent by 2022;

The Plan recognizes that the Low Carbon Fuel Standard provides a durable framework for the production and use of alternative fuels and for the stimulation of technology innovation;

The Plan encourages the use of alternative fuels that achieve further reductions in criteria and toxic air pollutants and that supports the State's commitments, under the State Implementation Plan, to improve air quality and attain ambient air quality standards;

The Plan underscores the importance of alternative fuels in satisfying multiple state policy objectives, including reducing our State's petroleum dependence and promoting the sustainable production and use of biofuels, using California's urban, forestry, and agricultural waste materials;

The Plan sets forth a multi-part strategy that will maximize the use of alternative fuels, relying upon increased use of alternative fuels, blending of biofuels, advanced fuels and vehicle technologies, improved vehicle fuel efficiency, and measures to reduce vehicle miles traveled;

The Plan recognizes that a combination of regulations or standards, financial incentives, and technology advancements are needed to achieve the State's multiple policy goals;

The Plan should be viewed as part of a continuum that requires periodic update and refinement of the underlying analyses and assumptions to reflect the changing market for alternative fuels, the economics of fuels production and use, and filling data gaps to support the full fuel cycle comparison of fuels and vehicle combinations;

Successful development and implementation of the Low Carbon Fuel Standard, including the appropriate compliance schedule, and AB 118 will be dependent upon close coordination with the Energy Commission; and

Establishing a specific greenhouse gas reduction goal for the transportation sector may be necessary and appropriate in the overall context of meeting the requirements of AB 32 and the Governor's greenhouse gas reduction goals.

NOW, THEREFORE, BE IT RESOLVED that the Air Resources Board approves the State Alternative Fuels Plan, as approved by the Energy Commission on October 31, 2007, with the ARB staff's proposed modifications set forth in Attachment 1. BE IT FURTHER RESOLVED that the Board directs the ARB staff to submit the modifications, set forth in Attachment 1, to the Energy Commission for their consideration at the next appropriate Business Meeting.

BE IT FURTHER RESOLVED that the Board directs the ARB staff to continue working in close partnership with the Energy Commission on subsequent updates and refinements to the Plan and to report back to the Board, as appropriate, on any substantive changes to the Plan.

BE IT FURTHER RESOLVED that the Board directs ARB staff to work with the Energy Commission in establishing the Low Carbon Fuel Standard, including the appropriate compliance schedule.

BE IT FURTHER RESOLVED that the Board directs ARB staff to work with the Energy Commission to ensure that funds expended pursuant to AB 118 provide the maximum possible benefits in terms of air quality improvement and greenhouse gas reduction.

BE IT FURTHER RESOLVED that the Board directs ARB staff to develop specific greenhouse gas reduction goals for the transportation sector as part of the Scoping Plan to be prepared pursuant to AB 32.

I hereby certify that the above is a true and correct copy of Resolution 07-51, as adopted by the Air Resources Board.

/s/

Lori Andreoni, Clerk of the Board

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Identification of Attachments to the Resolution

Attachment A: Staff's Proposed Modifications to the State Alternative Fuels Plan Committee Report.